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PACIFIC  **TELESIS**
Group-Washington

July 11, 1996

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Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, NW, Room 222
Washington, DC 20554

Dear Mr. Caton:

Re: *MM Docket No. 87-268, Advanced Television Systems and Their Impact Upon
the Existing Television Broadcast Service*

On behalf of Pacific Telesis Group, please find enclosed an original and six copies of
its "Comments" in the above proceeding.

Please stamp and return the provided copy to confirm your receipt. Please contact
me should you have any questions or require additional information concerning this
matter.

Sincerely,



Enclosure

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In the Matter of

Advanced Television Systems and Their Impact
Upon the Existing Television Broadcast Service

MM Docket No. 87-268

COMMENTS OF PACIFIC TELESIS GROUP

I. INTRODUCTION AND SUMMARY

Pacific Telesis Group ("Pacific") hereby submits comments limited to a single issue: its opposition to any extension of the "Grand Alliance" Digital Television ("DTV") standards or application of any required transmission standards to new video technologies such as MMDS. Companies trying to offer new video options have invested extensive time and resources in their own offerings. We are, moreover, in a period of great innovation in video technology. To mandate standardization would squelch that innovation, strand the significant investment companies such as Pacific Telesis have made in proprietary technology, and ultimately delay the advent of competition in the video markets. While it is not at all clear that the Commission wishes to extend the DTV standards beyond the broadcast context, we comment here to make clear how unwise we believe such a step would be.

II. THE COMMISSION SHOULD NOT EXTEND THE DTV STANDARDS TO MMDS

The Commission restates in paragraphs 36 and 63-64 of its NPRM¹ its earlier decision not to extend transmission standards to MMDS and other new video services. However, it suggests that it may be rethinking this conclusion:

We seek comment on whether the public interest would be served by Commission involvement to assure compatibility between digital broadcast standards and digital cable standards. Similarly, there would appear to be advantages and disadvantages to Commission involvement to assure compatibility between other existing and potential competing video delivery methods, including DBS, MMDS, Instructional Television Fixed Service ("ITFS") and open video systems.²

We strongly oppose Commission-imposed standards in this area. Digital technology is experiencing a great deal of innovation and experimentation. Putting aside the question of whether standardization will ever be appropriate, it is simply too early to impose standards on non-broadcast media. Such standards will simply squelch the innovation that must occur if digital video is to flourish.

There are negative real-world implications of imposing standards at this time. Pacific Bell Video Services ("PBVS") is currently planning to deploy MMDS in the Los Angeles and San Francisco areas. Both systems are using a QAM³ modulation technique, rather than a VSB⁴ technique. However, the ATSC DTV Standard uses VSB. To apply VSB modulation to MMDS, when Pacific has already invested millions of dollars in QAM, would strand this investment and require years of re-work

¹ Fifth Further Notice of Proposed Rulemaking, *Advanced Television Systems and Their Impact Upon the Existing Television Broadcast Service*, MM Docket No. 87-268 (rel. May 20, 1996).

² *Id.*, ¶ 64 (emphasis added).

³ Quadrature amplitude modulation. *See* NPRM, ¶ 16.

⁴ Vestigial sideband. *See id.*

to conform to the standard. Yet there is no technological reason why a QAM technique should be scuttled in favor of VSB for MMDS applications.

Tele-TV, a company in which Pacific, NYNEX and Bell Atlantic have invested a great deal of resources, has already incurred significant expense for set-top boxes that are not compatible with the ATSC DTV Standard. To impose a standard requiring redesign of these boxes would be a mistake that would cause Pacific substantial financial loss. Indeed, such a regulatory edict would constitute a taking of Pacific's property without just compensation pursuant to the "regulatory takings" rubric.⁵

As Tele-TV has stated⁶:

The Commission should continue its policy of not requiring other media to utilize transmission schemes compatible with the Grand Alliance HDTV System, or setting specific signal or equipment standards for this purpose. Specifically, the Commission should not take any steps to impose mandatory standards or other regulatory constraints on the wide range of innovative proprietary set-top boxes now being introduced into the marketplace. . . . This hands-off approach to ATV standards for non-broadcast media has permitted a more rapid introduction of innovative digital technologies in direct broadcast satellite and potentially, in wireless cellular and wire-based transmission systems. Each of those media has already introduced, or soon intends to introduce, advanced systems using customized transmission schemes supported by proprietary set-top boxes.⁷

Finally, there is nothing in the record to establish that application of the ATSC DTV standard or other standards to non-broadcast applications would result in superior transmission quality

⁵ *Pennsylvania Coal Co. v. Mahon*, 260 U.S. 393, 415 (1922) ("if regulation goes too far it will be recognized as a taking."). See also *Penn Central Transportation Co. v. New York City*, 438 U.S. 104, 124 (1978).

⁶ Fourth Further Notice of Proposed Rulemaking, *In the Matter of Advanced Television Systems and Their Impact Upon the Existing Television Broadcast Service*, MM Docket No. 87-268, FCC 95-315 (1995) (*Fourth FNPRM*), Comments of Tele-TV, filed Nov. 28, 1995, at 9-10.

⁷ Comments of Tele-TV, *supra*, at 9-10 (emphasis added).

or other benefits. Indeed, such application would inhibit use of transmission techniques that may be superior for non-broadcast applications.

Several commenters have told the Commission this in previous filings. As NCTA has stated, for example: "every distribution medium should have the opportunity to develop an advanced television system that optimizes its unique capabilities and available tools, rather than be forced into a single standard. . . . A government-mandated digital broadcast standard applied to all media can only stifle rapidly changing developments in this field to the detriment of consumers."⁸

TCI has echoed these sentiments: "A variety of innovative approaches to the delivery of digital video have been developed to date; literally billions of dollars have been invested in the process by TCI and other MVPDs. . . . [D]ifferent transmission (modulation) schemes optimize the characteristics of a particular medium. DBS uses QSPK modulation, the cable industry uses QAM, and the Grand Alliance has selected VSB. Because the selection of a modulation methodology is a function of the physical characteristics of each transmission medium, it is inherently inappropriate to standardize modulation methods across different media."⁹

There is no basis to require standardization of non-broadcast digital video transmission. We urge the Commission to retain its original stance, and allow the market, rather than regulation, to determine the direction of technology and promote innovation.

⁸ Comments of NCTA, *Fourth NPRM*, filed Nov. 20, 1995, at 17. See also NCTA's Reply Comments, *Fourth NPRM*, filed Jan. 22, 1996 ("Some in the cable industry may, for example, use a modulation scheme different from the broadcast standard's modulation scheme. This alternative approach will not degrade the quality of retransmitted broadcast signals, and, in any event, may provide other benefits for cable-originated services.").

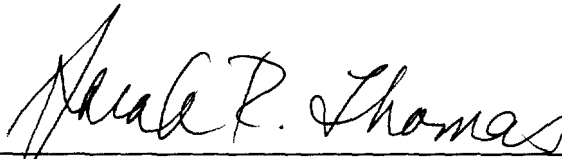
⁹ Reply Comments of Tele-Communications, Inc. ("TCI"), *Fourth FNPRM*, filed Jan. 22, 1996, at 7-8.

III. CONCLUSION

The Commission should not impose standardization on non-broadcast digital video. It has before it no record justifying such action, and runs the risk of doing precisely what regulation should not do: slowing and even stifling the development of new, exciting technology that will carry us into the next century. The Commission should reaffirm its early conclusion "to allow the marketplace to determine transmission standards."¹⁰

Respectfully submitted,

PACIFIC TELESIS GROUP

A handwritten signature in black ink, appearing to read "Sarah R. Thomas", written over a horizontal line.

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Date: July 11, 1996

¹⁰ NPRM, ¶ 36.